

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6395

BILL NUMBER: HB 1087

NOTE PREPARED: Jan 27, 2012

BILL AMENDED: Jan 27, 2012

SUBJECT: Statewide 911 System.

FIRST AUTHOR: Rep. Thompson

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill reorganizes the administration and funding of 911 services into a statewide 911 system. It replaces the Wireless Enhanced 911 Advisory Board with a Statewide 911 Board that will have additional representatives from state and local government. The bill provides that the Treasurer of State is the chairperson of the Board. It requires the Board to impose a fee of \$0.75 per month on each communications service user who pays retrospectively for the service and has a billing address in Indiana. The bill establishes the Statewide 911 Fund for the deposit of fees. It also requires the Board to distribute money in amounts determined by the Board to each public safety answering point. The bill requires the Board to consider amounts received from existing landline and wireless fees in 2011-2012. It also provides that the statewide system expires July 1, 2017. The bill continuously appropriates money in the fund for the purposes of the fund. It also repeals the emergency telephone system fee, the wireless emergency enhanced 911 fee, and the emergency telephone notification system.

Effective Date: (Amended) Upon passage; July 1, 2012.

Explanation of State Expenditures: (Revised) *911 Board:* This bill creates the Statewide 911 Board. The Board consists of 13 members and is responsible for administering the Statewide 911 system. The Board must also set procedures for the collection and remittance of the Statewide 911 fees, and distribute appropriate amounts to each PSAP. The bill requires the Board to adopt an emergency rule before September 15, 2012 to establish a distribution formula after review by the Budget Committee. The costs of administering the Statewide 911 system will be paid from the fund. The bill allows the Board to retain the lesser of 7% of remitted fees or \$5.6 M to cover the administrative expenses and costs involved in developing, operating and maintaining the Statewide 911 system. The bill requires the Board to annually review the Statewide 911 Fee to ensure that the

fee does not exceed the amount necessary to provide adequate and efficient 911 service and to ensure that the fees are used for approved 911 expenditures. The Board must annually report to the Budget Committee on the Board's expenses, fees collected, and distributions. It also requires the Board to annually reexamine the distribution formula to ensure that revenue is equitably distributed among the PSAPs.

The State Board of Accounts shall annually audit each PSAP that receives a distribution.

Explanation of State Revenues: (Revised) *Statewide 911 Fee:* This bill creates a statewide 911 system and provides that the statewide system expires July 1, 2017. Effective July 1, 2012, the bill repeals the existing statutes concerning the enhanced emergency telephone fee and the enhanced wireless 911 fee. The bill modifies the existing statute concerning the prepaid wireless fee and provides that the Statewide 911 Board shall increase the prepaid wireless fee so that the amount of the fee equals the monthly statewide 911 fee (established in the bill). The bill imposes an initial \$0.75 statewide monthly fee for 911 services throughout the state. The Board may adjust the fee for inflation.

The current wireless emergency enhanced 911 fee is \$0.50 per phone per month, the prepaid wireless fee is \$0.25 per phone and the enhanced emergency telephone system fee varies by county, from about \$0.39 to \$3 per phone per month. Therefore, fees on wireless and prepaid wireless phones will increase to \$.75 and the fee on land lines to replace the enhanced emergency telephone system fee will increase or decrease based on what is currently charged by counties.

It is estimated that statewide 911 fee proposed in this bill would raise additional revenue of \$12.45 M from regular wireless phones and \$3.97 M from prepaid wireless phones. These estimates are based on an average of historical fees collected on regular wireless and prepaid phones. The table below shows estimated revenue collected under the current rates and the proposed statewide rate on two of three fees:

	Revenue Raised under Current Rates	Revenue Raised under Proposed Statewide Rate	Incremental Revenue
Prepaid Wireless phones	\$1.98 M	\$5.95	\$3.97 M
Regular Wireless phones	\$24.89 M	\$37.34 M	\$12.45 M
Total	\$26.87 M	\$43.29 M	\$16.42 M

LSA does not have reliable data to estimate how much revenue would be raised from applying the \$0.75 fee to land lines in place of the enhanced emergency telephone fee which is repealed under this bill.

The statewide fee is required to be imposed by the voice communication service providers, who are eligible to retain 1% of the fees for collection expenses.

(Revised) *Statewide 911 Fund:* The bill creates the non-reverting Statewide 911 Fund, which will be administered by the Statewide 911 Board. The Statewide 911 fees will be deposited in this fund, and distributed to PSAPs as determined by the Board. The bill provides that funds remaining in the Wireless Emergency Telephone System Fund will be transferred to the Statewide 911 Fund in FY 2013. The bill provides that the balance in the Statewide 911 fund may not exceed \$2.5 M at the end of each fiscal year. The bill requires any excess balance to be distributed to PSAPs before September 15 of the following state fiscal year.

Penalty Provision: The bill creates a Class A misdemeanor for any disclosure of certain data and misuse of the 911 system. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: (Revised) *PSAP Reporting Requirements:* Not later than January 31, of each year, this bill requires each PSAP to report to the Board all expenditures made during the immediately preceding calendar year from 911 fees.

Penalty Provision: A Class A misdemeanor is punishable by up to one year in jail.

Explanation of Local Revenues: (Revised) *Statewide 911 Fee Distribution:* The bill requires the Board to distribute money in amounts determined by the Board to each PSAP. The bill requires the Board to consider amounts received by the PSAP from existing landline and wireless fees in FY 2012.

Penalty Provision: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

Background Information: The current regular wireless 911 fee is \$0.50 per phone per month and the prepaid wireless fee is \$0.25 per phone. Revenues received from fees for FY 2009 through FY 2011 are provided in the table below.

Fiscal Year	Revenue from regular wireless enhanced 911 fee	Revenue from prepaid enhanced fee
2009	\$25.18 M	\$3.51 M
2010	\$24.60 M	\$3.75 M
2011	\$24.89 M	\$2.32 M*
* Prepaid fee decreased from \$0.50 to \$0.25 per prepaid phone		

The bill provides that a PSAP may use a distribution only for the following:

- (1) The lease, purchase, or maintenance of enhanced emergency telecommunications equipment, including necessary computer hardware, software, and data base provisioning.
- (2) The rates associated with the service suppliers' enhanced emergency telecommunications system network services.
- (3) Personnel expenses, including wages, benefits, training, and continuing education.
- (4) Operational costs, including costs associated with:
 - (A) utilities;
 - (B) maintenance;
 - (C) equipment designed to provide backup power or system redundancy, including generators; and
 - (D) call logging equipment.

(5) Connectivity to the Indiana data communications system (IDACS).

A PSAP may not use a distribution for the following:

- (1) Vehicles.
- (2) Mobile radio equipment.
- (3) Portable communications equipment, not directly connected to the statewide 911 system

State Agencies Affected: Treasurer of State, Budget Committee, Board of Accounts.

Local Agencies Affected: Public Safety Answering Points. Trial courts, local law enforcement agencies.

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